

Galina Kurlyandskaya

Director General
Center for Fiscal Policy

Is Russia Ready for New Federalism?

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Nobody will embrace the unembraceable.

Kozma Prutkov
Russian federalist of the 19th century

The material base of any state is its treasury. Practically any political reform is about who is going to raise funds for the treasury, who will spend it and in what manner. The reform of the relations between the federal government and regional governments in the Russian Federation is no exception. This reform, known as the “reform of federative relations” will be the theme of my report.

What is the reason for the reform? Are there any obstacles in Russia hindering realization of the fundamental principles of federalism, i.e. independence of constituent entities and their responsibility for the policies conducted by them?

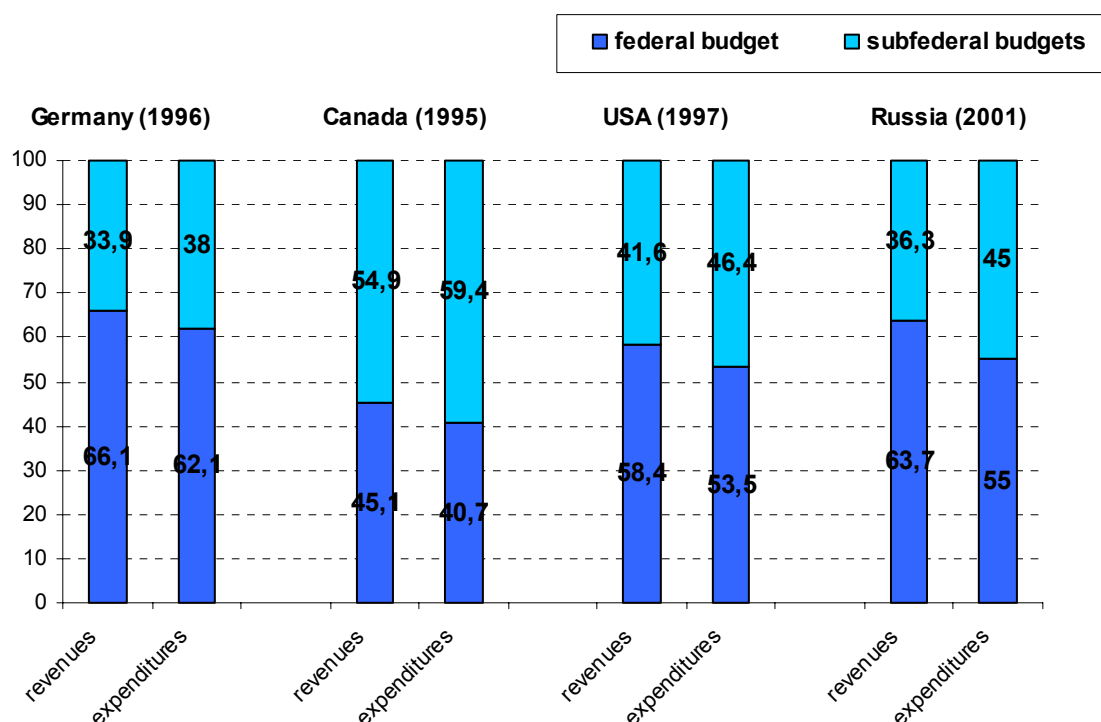
Apparently, Russia was to survive two shocks during the last decade: the first was to be caused by its move from planned to market economy and the second was to result from reconstruction of the relations between the center and the regions. The RSFSR was the only one of the Soviet Union republics that had the word “federative” in its name. It also decided to realize its meaning in practice. In political terms, the main aspect of the perestroika was the election of not only the representative bodies of power but of the head of the RF representative power, in terms of finance it meant fiscal independence of the regions.

However, the second shock had failed to occur. Most of the elected governors demonstrated obedience to the Kremlin and advocated the “strengthening of the vertical authority” that also included abandonment of electivity of regional heads. Also, most subnational budgets relied on the revenue and expenditure policies of the federal center and behind-the-scenes agreements on the sizes of grants.

At the same time, formal indicators look not bad when compared with other federative states (see Figure 1). In Russia, the subnational and extra-budgetary funds shares in consolidated budget spending are higher than in Germany though lower than in the U.S. and Canada. The same pattern applies to the revenues as well.¹

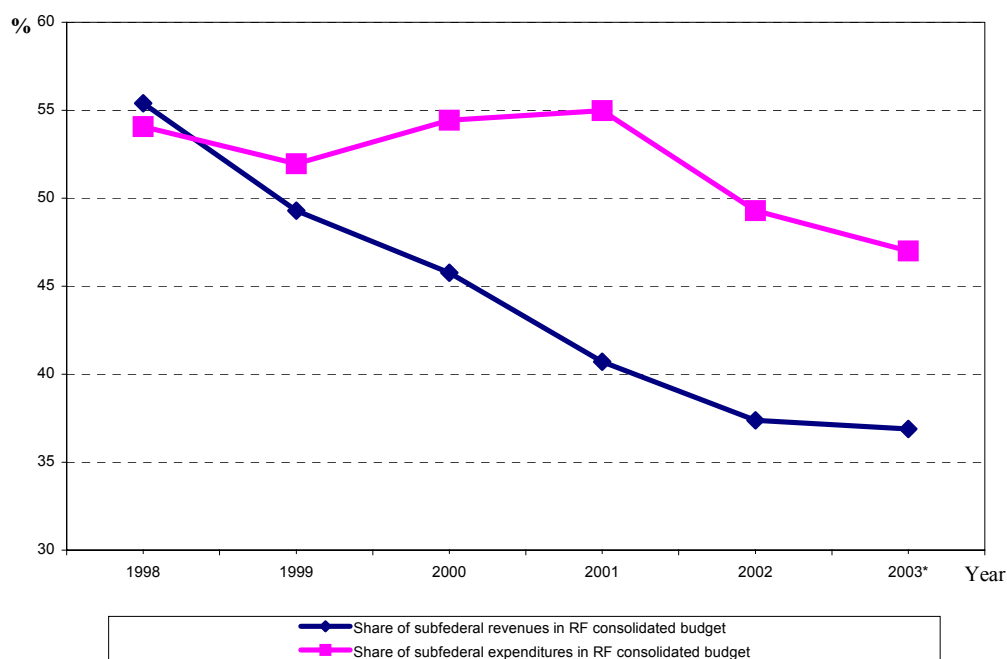
¹ When considering the revenue structure in Russia (Figure 1) the shared taxes were regarded as tax revenues rather than transfers from the higher governments.

Figure 1. Distributions of Revenues (before Transfers) and Expenditures Across the Tiers of the Budgetary System²



Source: Calculations for Germany, USA and Canada are based on the data from the *Government Finance Statistics Yearbook*, IMF, 1999. In case of the Russian Federation, the data are taken from the budget executions reports of the RF, regions and municipals as of January 1, 2002 (RF Ministry of Finance) and budget information of the extrabudgetary funds.

Figure 2. Dynamics of Subfederal Revenues and Expenditures in RF Consolidated Budget



² For comparability reasons, the revenue and expenditure structure of the Russian budgetary system included revenues and expenditures of the Social Insurance Fund, Obligatory Medical Insurance Fund and Pension Fund.

The dynamics of the federal and regional shares in the revenues and expenditures of the Russian consolidated budget during the latest six years (see Figure 2³) demonstrates the revenue (before transfers) centralization tendency and lack of stability in allocation of spending responsibilities across the tiers of government.

Obviously, the amount of budget funds that goes into a regional budget and is spent by regional authorities is an important indicator of their independence. However, spending funds does not always mean the discretion to use them and revenue rising does not always prove that a region can influence the size of revenues. The given data show only the degree of decentralization in service provision and possession of appropriate funds; they provide no information on decentralization of legislative regulation in the budgetary sector.

I. Expenditures

According to the CFP's estimations, 85% of the Russian regions have just enough budget resources to cover expenditures envisaged by the federal laws. Also, the poorer the region, the less expenditure responsibilities dictated from the above it could finance. It should be noted that the estimated costs of expenditure responsibilities stipulated by the federal legislation alone are almost twice as much as the revenue capacity of the RF consolidated budget. As a result, federal legislative regulations are applied to only half of the population of the country.

Only 5% of regional revenues received from the federal budget for earmarked purposes (see Figure 4) are intended for earmarked use in accordance with the Budget Code and are controlled by the Audit Chamber. The ostensibly non-earmarked nature of the rest of the revenues (own and shared taxes, equalization transfers) is a mere declaration since the regions have to spend them on unfunded mandates (as distinct from the mandates funded by subventions). Legal beneficiaries of public services are increasingly controlling spending of these funds. A good sign of our society moving in the direction of democracy are suits initiated by individuals against the authorities (mostly regional and local) demanding provision of public goods in accordance with federal legislation. Spending of subnational governments is regulated by the federal center to such an extent that they have no independent policy to speak of. Neither are they responsible for their policy's efficiency and coherency.

³ Here data on revenues and expenditures do not include extrabudgetary funds.

Table 1. Assignment of Expenditures and Responsibilities in Education Sector in the Russian Federation (2002)

Types of education	F	R	M	Legislative regulation	Funding	Execution
Pre-school education	1%	17%	82%	F+R	F,R,M	M
General basic and secondary education	1%	21%	79%	F+R	F,R,M	M
Primary and secondary professional education	62%	33%	5%	F+R	F,R,M	?
Retraining and refresher courses	40%	54%	6%	F+R	F,R,M	?
Higher professional education	93%	6%	1%	F+R	F,R,M	?

F – federal center, R – regions, M – municipal authorities, F, R, M – federal budget finances federal institutions, regional budget finances regional institutions, municipal budget finances municipal institutions
? responsibilities are not assigned

+ minimum standards are established by the federal center, additional – by regional or municipal governments.

Source: laws reviewed by the Center for Fiscal Policy.⁴

Even a cursory glance at Table 1 will show that one cannot judge the degree of decentralization relying merely on the share of each tier of government in the aggregate spending on the function. According to the figures in the first column, education to a great extent is financed by regional and local budgets. However, it is evident from the next columns that legislative regulation of all types of education is carried out by the federal center. Also, the federal budget can participate in financing of any type of education (i.e. providing finance for departmental schools). Consequently, the role of the federal center in providing educational services is more pronounced than appears when one looks at its share in the costs of education.

Table 2. Differences in Regional Expenditure Structure: Shares of Regional Consolidated Budgets Spent on Main Public Functions (2002)

Share of expenditures per function	Line item in Budgetary Classification		
	Median	Maximum	Minimum
Government administration and local self-government	6,8	11,4	2,1
Law enforcement and national security	3,2	5,3	1,0
Industry, energy and construction	6,0	32,5	0,0
Agriculture and fishery	2,3	9,4	0,1
Transport, road sector, communication and informatics	1,0	4,8	0,0
Housing and utilities	12,2	24,2	3,1
Education	23,3	33,2	7,6

⁴ www.fpcenter.org

Share of expenditures per function	Line item in Budgetary Classification		
	Median	Maximum	Minimum
Culture, arts and cinema	2,6	4,6	0,9
Health care and physical culture	14,8	23,1	5,0
Social programs	8,8	13,7	1,5

Source: Reports on regional and local budgets execution as of January 1, 2002 (RF Ministry of Finance)

Our analysis of revenue decentralization will be incomplete without information on actual spending of budget funds by the regions in compliance with the federal provisions.

Despite a considerable portion of federal mandates in the budgets of the RF subjects and municipalities, Table 2 demonstrates great differences in the structure of expenditures of the regional consolidated budgets.

The share of expenditures on education in the regional budgets varies from 8% to 33%, while the share of social programs fluctuates from 1.5% to 14%. Spending on economy (line items: Industry, energy and construction, Agriculture and fishery) in individual regions differs in a few tenfold. The data contained in the budget execution reports demonstrate that uniform federal standards are disregarded. One can see from Figure 3 that per capita spending on secondary education differs several times from region to region. However, almost everywhere it is above the conventional federal standard; also, practically nowhere the level of spending depends on the level of regional fiscal capacity.

II. Revenues

The share of revenues due to subfederal budgets is not a very reliable federalization indicator when subfederal authorities are denied the possibility to influence the revenues from most tax sources. One can see from Table 3 that subfederal budgets in the Russian Federation are much less independent as compared with other federative states though their share of tax revenues is larger.

Figure 3. Per Pupil Spending on General (Secondary) Education in 2000 (adjusted for the service costs coefficient)

Calculated by CFP on the basis of the RF Ministry of Finance's data.

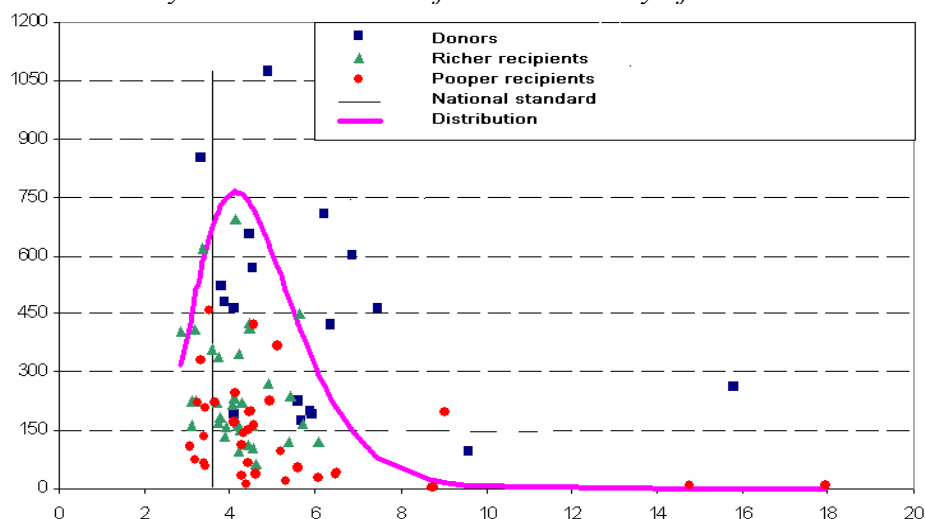


Table 3. Subfederal Tax Revenue Structure Arranged According to the Degree of “Tax Discretion”* (%)

Subfederal Tax Revenue Structure Arranged According to the Degree of “Tax Discretion”*

Share of tax revenues due to regional and local budgets in the national consolidated budget		Share of subfederal tax revenues arranged according to the degree of “tax discretion”							
		1	2	3	4.1	4.2	4.3	4.4	5
Austria (1995)	19								
Federation subjects (lands)	8	9	11			81			
Municipalities	10	2				98			
Germany (1995)	29								
Federation subjects (lands)	7	1	52			47			
Municipalities	22					100			
Spain (1995)	13								
Federation subjects (regions)	9	33	51			16			
Municipalities	5	15	7			78			
Mexico (1995)	20								
States	4						74		26
Municipalities	16	14				86			
Switzerland (1995)	38								
Cantons	16		97				3		
Municipalities	22	89				6	5		
Russian Federation (2002)	35								
Federation subjects	4		19				15	65	1
Municipalities	31	3	38				7	51	1

Source: OECD Tax Policy Studies, Taxing Power of State and Local Government, 1999. Data for the Russian Federation calculated on the basis of regional and municipal budget execution reports as January 1, 2002.

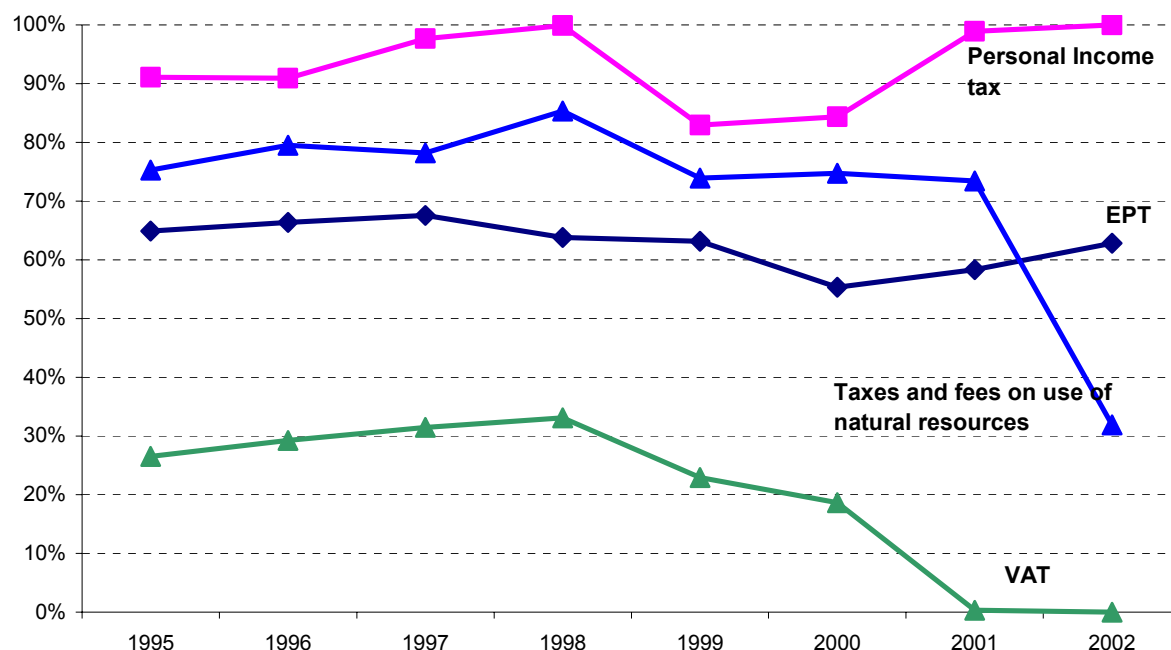
*Degree of tax discretion:

- 1) Subnational governments set the tax rate and the tax base.
- 2) Subnational governments set only the tax rate.
- 3) Subnational governments set only the tax base.
- 4) Shared taxes:
 - 4.1) tax shares are set by subnational governments;
 - 4.2) tax shares may be changed only with agreement of subnational governments;
 - 4.3) tax shares are envisaged by laws and may be changed unilaterally by the central government;
 - 4.4) tax shares are set by the central government every year in the budget law.
- 5) The central government sets the tax rate and the tax base.

** These are the final tax revenue allocation data. Data in parentheses indicate revenue allocation before shared taxes have been transferred to local governments from regional budgets.

RF subjects receive 41 % of their tax revenues from shared taxes whose shares are divided among the tiers of the budgetary system in accordance with law on the federal budget. Actually, regional shares are changed every year on a plausible excuse (see Figure 4). Thus, the decision to collect 100% of VAT into the federal budget was theoretically and practically well founded (it has uneven tax base, is concentrated in the wealthiest regions and cannot be distributed in proportion to the value added produced in the regions). However, as a result, the regions had been deprived of the incomes on which they relied.

Figure 4. Dynamics of Sharing Rates of Shared Taxes Due to RF Subjects (*calculated by the CFP on the basis of the RF Ministry of Finance's data*)



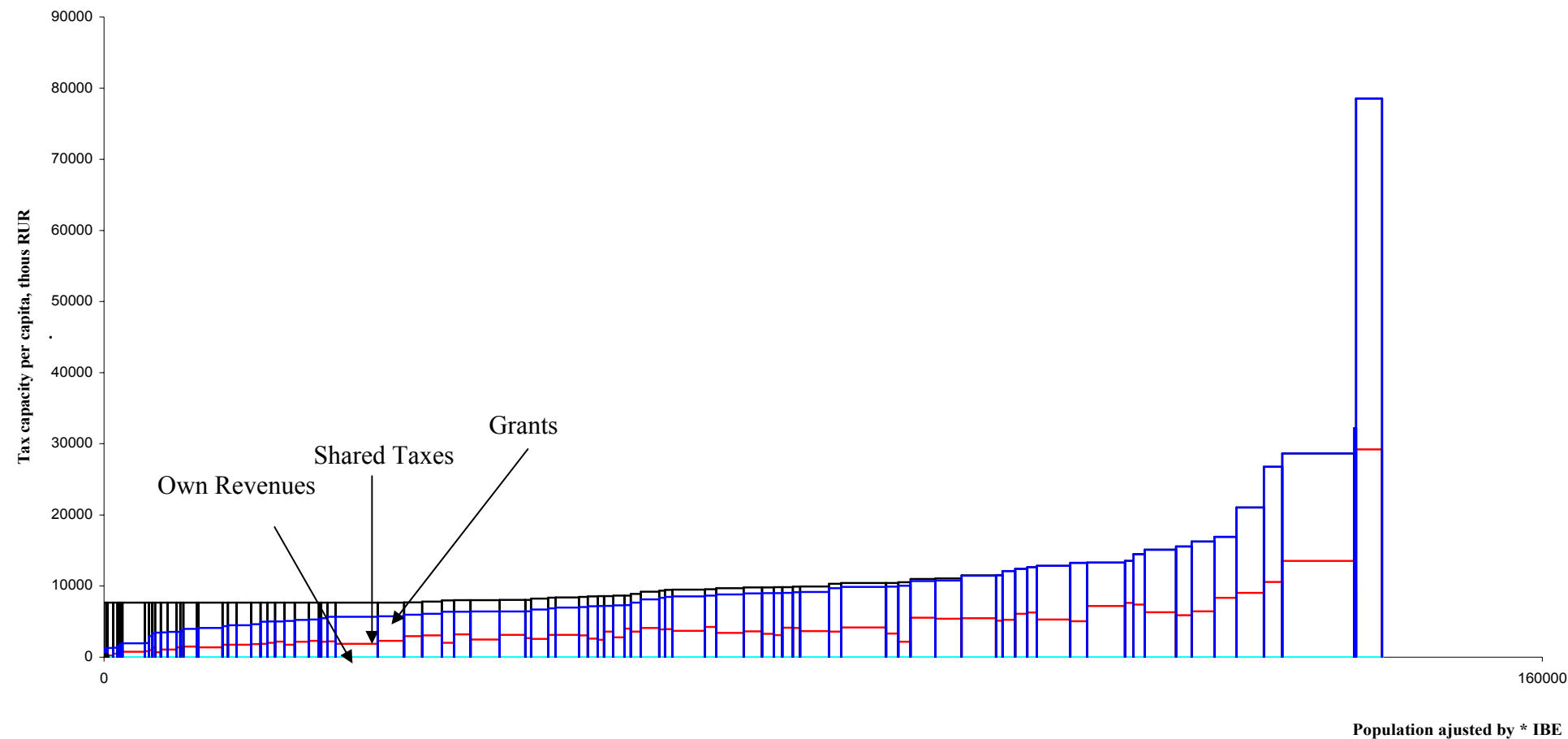
The taxes that are split among the tiers of government in accordance with the federal laws provide 21% of tax revenues of subfederal budgets. In this case also one cannot be absolutely sure that the federal center will not change the splitting ratio. Thus, the share of the tax on extraction of mineral resources due to the budgets of different levels was cut from 60% to 8% during the last two years though it was envisaged by federal legislation. That was a correct measure: since the tax base was uneven the tax should be concentrated in the federal budget to be used later to even fiscal capacity. But the revenues of Tyumen Oblast and other similar regions had been unexpectedly reduced without any adequate compensation. Is it possible to consider medium-term budgeting in such circumstances? The changed base and rate of the profits tax favored business but created unforeseen losses for the regional budgets because they received its greater portion.

Regional and local taxes (35% of subfederal tax revenues) can be called so only nominally since the federal center decides where they are due (land tax), establishes tax benefits and privileges (property tax) and, which is most important, the time when they are imposed or cancelled. The latter decision is always unilateral and unexpected. It goes without saying that the local housing and utilities tax, being a turnover tax, contradicted the best practices of taxation. The federal center has abolished it. But then why should it be called a local tax? The regional sales tax, which the regions were made to impose, was abolished starting from this year in order to reduce the tax burden. But this is a policy conducted by the federal center, not the regions. Why should the latter pay for it?

It should be noted that the above structure of regional revenue sources shows the average national level. Because revenue capacities of various RF regions differ dozen times, only some of them are relatively independent of the federal center. Own revenue sources of most regions play but insignificant role in their budgets. One can compare per capita fiscal capacity of the RF subjects in terms of various kinds of revenue and individual regional budgets dependence on them (Figure 5).

Figure 5 also demonstrates an extremely high inequality of tax bases in some regions. Per capita tax revenues (before adjustment for costs of public services) of the wealthiest region (Yamal-Nenets AO) are 76 times higher than in the poorest region (Ingush Republic). If, in this situation, additional uniform splitting shares of shared taxes are assigned to all the RF subjects, thus achieving the 50:50 ratio of tax revenues (as envisaged in Article 48 of the Budget Code but suspended annually by the law on the federal budget), the gap among the regions in terms of tax capacity will become even wider. The said ratio can be achieved if 22% of VAT collected in a region is left there. However, in this case the difference in tax bases will be 80fold while federal budget revenues will decline by 11%, which in its turn will undermine the size of transfers allocated to the regions for equalization purposes. That is why the vertical allocation of tax revenues should be treated with great caution.

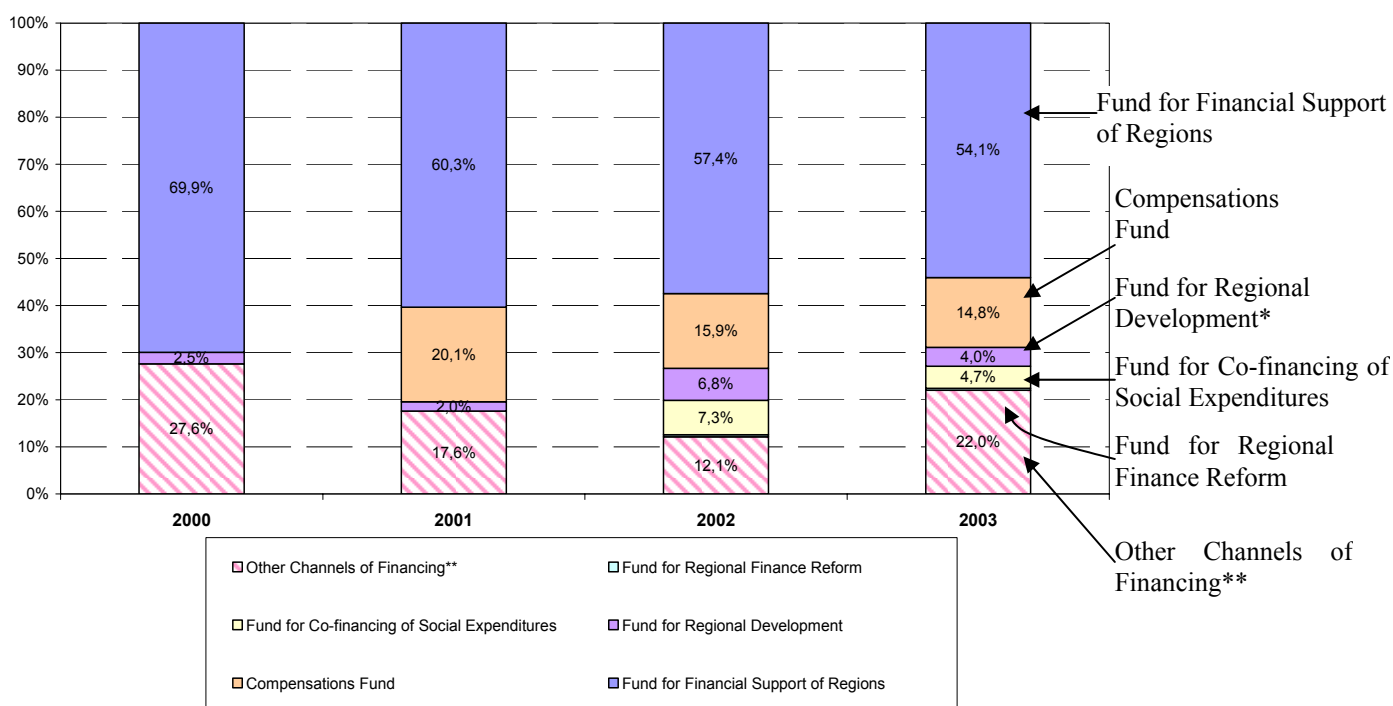
Figure 5. Fiscal Capacity Compared in Terms of Own Revenues, Shared Taxes and Transfers in RF Subjects



The distributional evenness of tax bases of certain taxes across RF subjects should also be taken into account. This is the reason why the process of fiscal decentralization in Russia should concentrate on greater discretion of regional and local governments in terms of their revenue base rather than on increasing the share of tax revenues allocated to subnational budgets.

Another indicator of the degree of public finance decentralization is the level of transparency, objectiveness and stability of transfer allocation to lower governments. In spite of the fact that starting from 2000 grants for fiscal capacity equalization have been allocated in accordance with the same formula, the regions cannot predict the size of transfers due to them in the next fiscal year.

Figure 6. Structure of Federal Financial Assistance



Source: Calculated by the CFP on the basis of relevant laws on the federal budget.

The formula is undergoing the perfection procedure every year but still individual regions are deprived of up to 50% of transfers calculated by the previous year formula. The share of formula-based transfers (from the Fund for Financial Support of Regions and the Compensations Fund) has been declined recently (see Figure 5). Thus, apart from transfers from the five funds envisaged by the Budget Code, the regions will receive the following allocations in 2004:

- for repayment of the federal budget debt for transferred housing,
- stabilization subsidy,
- for liquidation of consequences of natural disasters in agriculture,
- additional financial assistance for the road construction to those regions where the road funds lack the necessary cash resulting from uneven receipt of oil products excises,
- for compensation of losses resulting from annulment or centralization of some taxes,
- subsidies to the regions where public employees' wage increase was a substantial budget expenditure line item,
- other subsidies whose purposes have not been specified in the law on the federal budget.

According to the Ministry of Finance, there is a methodology behind these subsidies but it has not been made public yet. Such policy is a step back, towards the practice of approving

intergovernmental cash flows that has been recently abandoned by the federal center. Evidently, it will make regional governments more dependable on the federal center.

III. Federative Reform in Terms of Fiscal Decentralization

In 2003, a full-scale legislative reform was carried out in Russia marking a new stage of political and fiscal federalism in this country. The amendments to the laws on the organizational principles of government in the RF subjects and municipalities initiated by the presidential administration prepared the ground for a fundamental reform in the sphere of decentralization of state administration. Perhaps the most significant input made by the Presidential Commission on Clarifying the Assignment of Responsibilities Across the Levels of Government was the prohibition to impose unfunded mandates on lower governments. The prohibition rests on recognizing the fact that the responsibilities of each level of government consist of three components: (1) regulation (setting rules), (2) provision of funds to support adopted decisions, and (3) actual execution of adopted decisions or organization of their execution.⁵ The relations between the budgets will depend on the type of combination in which these responsibilities are assigned to each level of government. The level of government that sets spending rules must also assume the responsibility for funding the relevant expenditures. If the federal center establishes the size of child allowances it must also provide the necessary earmarked funds to the lower governments and exercise control over their purposeful spending in the established amounts. If, according to the federal law, child allowances are to be paid at the discretion of the regions, then their amounts will be set by the latter depending on the actual revenues of their budgets.

At the same time the Commission proposed to preserve the possibility of *introduction* by the federal center of the main priorities (quality standards) in public funds spending while the specific amounts of funds to be spent on such functions *were to be established* by laws of lower governments in compliance with the nature of the federative state.

Unfunded mandates can be done away with in three ways.

First, they can be supported by federal subventions. However, in this case the federal government will either have to cut other spending line items or, which is more probable, it will have to reassign practically all subfederal revenues and concentrate them at the federal level.

Second, the federal center can abandon its requirements concerning specific amounts of funds to be allocated for such mandates by assigning this responsibility to the lower level. There is no doubt that social responsibilities declared by the federal center but unfulfilled in full extent by the regions will cause popular dissatisfaction to be dealt with by regional authorities.

At last, the most radical and fair way to get rid of excessive responsibilities and unfunded mandates as far as the regions are concerned will be to annul all of them by federal laws. Concurrently with this, any RF subject will have the discretion to adopt similar measures of social protection depending on its financial situation. After the Commission's work was over, new versions of the Law on General Principles of Organization of Legislative (Representative) and Executive Bodies of State Power of the RF Subjects and the Law on General Principles of Local Self-government in the Russian Federation were adopted. They were followed by amendments to the Budget and Tax Codes submitted to the State Duma.

⁵ For further details see: Kurlyandskaya G.V., Andreeva E. I., Golovanova N. V., Assignment of Expenditure Responsibilities Among the Tiers of Government in the Russian Federation, Moscow, Academia, 2002 [in Russian].

As is evident from the analysis of the first law adopted in July 2003 as a result of the Commission's work (On Amendments and Additions to the Federal Law On General Principles of Government in the Subjects of the Russian Federation) and amendments to other regulations, the unfunded mandates will be liquidated using all the three above ways with a particular stress made on the second one.

The new edition of the Law on General Principles of Organization of Legislative (Representative) and Executive Bodies of State Power of the RF Subjects provides a clear assignment of responsibilities regarding the matters over which the federal center and the RF subjects have joint jurisdiction. Under the law, there are only three options of responsibilities assignment:

- (1) The exclusive jurisdiction option: all the components of the responsibilities (legislative regulation, funding and execution) are to be assigned to the same level of government, as is the case, for example, with national defense. At the same time one cannot think of any other matter in the exclusive jurisdiction of a RF subject that will add to the list (Article 263) of "powers of the government of a RF subject regarding the matters that are in the joint jurisdiction in accordance with the Constitution of the Russian Federation".
- (2) The joint jurisdiction option: the priorities/standards of budget expenditures are established at the federal level while the regional governments are responsible for their regulation, funding and actual execution. The education function can serve as a classical example of joint jurisdiction. Under the Law, the regulation, funding and organization of provision of higher education are the responsibility of the federal center, which means that in practice this function has fallen into its exclusive jurisdiction. Regarding professional and technical training and general education, the federal center may only set general standards while the specific regulation of their provision; their funding and organization are assigned to the RF subjects. The most radical change, however, envisaged by the Law is that the federal center is no longer responsible for the regulation (i.e., setting the volume and the provision procedure) of social protection measures to a number of population categories; from now on this is the responsibility of the RF subjects.
- (3) The delegated responsibility option: the legislative regulation and financial support are assigned to the higher level of government while the execution of a function together with earmarked funds is delegated to the lower level. The federal center delegates the function of paying allowances and benefits to war veterans to the regional level and provides earmarked funding for this purpose.

Another result of the Commission's work is the radical rewriting of Chapter 11 of the Budget Code dealing with the assignment of expenditure responsibilities among the levels of government. It will no longer include the list of expenditures to be made by each level of government. Instead, each level of government will spend funds in accordance with the expenditure responsibilities assigned to it by law. It is recommended to stipulate in the Budget Code the prohibition to impose unfunded mandates on the lower governments. After legislative annulment of unfunded mandates and bringing federal provisions regulating expenditure responsibilities in accordance with the budget revenues, the expenditure side of budgets of any level will be formulated on the basis of all current laws. In order to bring together all the expenditure responsibilities of each level of government the Budget Code will include a provision under which each level of government will form its Register of Expenditure Responsibilities. This will be a kind of an inventory established by sectoral laws that will become the basis for formulating the expenditure side of the budget for the next fiscal year. Such

registers should become the basis for further legislative amendments aimed at better assignment of expenditure responsibilities and annihilation of unfunded mandates.

However, the above laws undergoing the amending procedure will not attain the goals formulated by the Commission unless they are not accompanied with appropriate amendments to a number of sectoral laws. Approximately some 100 such law need to be changed in order to provide a clear assignment of expenditure responsibilities, determine financial liability of each level of government for decisions adopted by it and to do away with unfunded mandates. These laws are to be harmonized not only with the aforementioned federal laws but also with the revenue capacity of the budgetary system of the Russian Federation. According to the Commission's findings, the current federal laws impose excessive expenditure responsibilities on the governments. As was mentioned earlier, the current responsibilities of the RF budgetary system need twice as much funds as the available resources and will have to be cut for the system of expenditure assignment to work properly.

Along with the expenditure assignment, the Commission also developed recommendations on revenue sources assignment. Unfortunately, its recommendations have not surpassed the ideological framework of the tax policy pursued by the central government. This policy conducted in the interests of Russian business community and taxpayers and aiming at making the tax system and its administration easier and simpler still does not take into account the federative nature of the Russian state. However, in a federative state each level of government should have real powers to generate and manage its own revenues. The Commission's recommendations on revenue power assignment concerned only the amount and type of tax revenues to be given to each level of government for it to be able to support its expenditure responsibilities. Under the current tax system this means setting splitting shares of shared taxes. As a result, the Tax Code will not be amended. Progressive amendments will be made only to the Budget Code where regional and municipal splitting shares of federal taxes will be envisaged.

IV. Prospects of Federative Reform Realization

After adoption of the Law on Making Amendments and Alterations to the Federal Law on General Principles of Organization of Legislative (Representative) and Executive Bodies of State Power of the RF Subjects, the new State Duma and the Federation Council become responsible for bringing the total of the current laws in harmony with the new concept of federative relations. Under the Law, the issues falling within the responsibilities of a RF subject within the matters in joint jurisdiction should be the "discretion of this RF subject and receive its financial support (with the exception of federal subventions)". To follow the reform's logic, the federal government must stop regulating the execution of these responsibilities while the regions will have to develop own laws establishing the details of the procedure and volume of public goods to be delivered in the course of realization of these responsibilities. The RF subjects will have the weighty responsibility to deliver social support and social services to the population. From now on the regions will provide for the social protection of the following categories of population in their laws:

- elderly citizens,
- invalids,
- citizens in difficult circumstances,
- orphans, homeless children and those without parental care (with the exception of children in federal educational institutions),
- veterans of labor, citizens who worked on the home front during the Great Patriotic War of 1941-45,
- families with children (including those with many children and single parents),

- victims of political repressions,
- low-income citizens.

For the regions to be able to pursue their own independent social policy, as is envisaged by the new Law, the regional unfunded mandates should be liquidated. For this purpose, quite a number of laws should be changed radically including the following:

- On Rehabilitation of Victims of Political Repressions,
- On Veterans,
- On State Allowances to Citizens with Children,
- On Social Services Provided to Elderly Citizens and Invalids,
- On Social Protection of Invalids in the Russian Federation,
- On the Fundamental Principles of Social Services Provided to Population,
- On State Social Support, etc.

It looks like not an easy thing to do. Politicians will have to abandon their habitual populism and say honestly that regional budgets gave no funds for the social assistance measures declared by the federal center (of which only 50% are fulfilled). Who will dare to annul all the national guarantees to invalids and repression victims? What about the very status of an invalid or a repression victim? Surely enough, one cannot be an invalid in one region and a healthy person in another. But, strictly speaking, recognizing a person to be an invalid at the federal level will cause an unfunded mandate to the regions.

Are the authors of the reform aware of its scale? – Soon we will know about this. Right now, some 90 laws are being worked at by a team set up specifically for this purpose.

As far as the amendments are concerned, regional authorities will be bear even more responsibility: they will have to develop and adopt own laws to regulate their social policies. The most rational decision seems to recommend to the RF subjects to include the relevant legislative norms in a single Social Code. The same can apply to the federal authorities as well since the current regulations are quite different and contradictory and are often included in various laws.

What will be the response from the RF subjects? Will they be bold enough and reduce by 50% the social guarantees currently provided by the federal laws? If not, they will have to support them from their own budgets and stop charging the federal center for the lack of funds.

The interpretation of the Law On General Principles of Organization of Bodies of Power in the RF Subjects causes some suspicions. According to our sources, federal officials who develop amendments to sectoral laws are quite eager to assign funding of expenditure responsibilities to the levels of government and forget about those articles where social support funding standards and rendering procedures are established (e.g. free of charge services, list of institutions rendering individual services, regulation of activities of staff engaged in provision of social services).

It is a pity that social policy becoming a responsibility of regional authorities is not accompanied with greater powers in the tax sphere. Greater expenditure powers should be balanced with more authority to expand tax base and set tax rates. People have the right to be sure that the level of taxation established by the legislative authorities is adequate to the level and volume of public services also established by them. This is the only way to make the authorities accountable for their policies to the people, not to the higher government. At last, the electorate will realize that it is they who pay for elected officials and for public goods.

And this will hasten the arrival of civil society.